

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF DUNDEE	County MONROE
Audit Date 3/31/05	Opinion Date 6/13/05	Date Accountant Report Submitted to State: 8/19/2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC

Street Address

ONE SOUTH MONROE STREET

City

MONROE

State

MI

ZIP

48161

Accountant Signature

Cooley Hehl Wohlgamuth & Carlton

Date

8/12/05

TOWNSHIP OF DUNDEE
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

March 31, 2005

TOWNSHIP OF DUNDEE

Table of Contents *March 31, 2005*

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12-13
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	17
Agency Fund - Statement of Fiduciary Net Assets	18
Notes to Financial Statements	19-33
Required Supplemental Information:	
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	34-35
Fire Millage Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	36
Other Supplemental Information:	
Meanwell/Eggert Road Water Debt Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	37
Dixon Road Water Debt Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	38
Irish/Meanwell Road Water Construction Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	39
Wells Road Water Construction Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	40
Road Millage Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	41

TOWNSHIP OF DUNDEE

Table of Contents (Concluded) *March 31, 2005*

Other Supplemental Information (Concluded):

Nonmajor Governmental Funds:

Combining Balance Sheet	42-43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	44-45

Liquor Law Enforcement Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual	46

Improvement Revolving Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual	47

Perpetual Care Cemetery Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual	48

Irish/Meanwell Road Water Debt Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	49
---	----

Wells Road Water Debt Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	50
---	----

Dixon Road Water Construction Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	51
---	----

Meanwell/Eggert Road Water Construction Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	52
---	----

Lieb Cemetery Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual	53

Agency Fund:

Statement of Changes in Assets and Liabilities	54
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Independent Auditor's Report

Township Board
Township of Dundee
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Dundee, Monroe County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Dundee, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Dundee, Monroe County, Michigan as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of April 1, 2004. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Township Board
Township of Dundee

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Dundee, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Cooley Hehl Wohlgawuth & Culter

June 13, 2005

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis Year Ended March 31, 2005

This section of the Township of Dundee's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds and Permanent Funds.

The Governmental Accounting Standards Board (GASB) adopted this report in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. GASB Statement No. 34 permits the omission of comparative information for the first year of adoption of the new reporting model and, considering the financial resources necessary to prepare the comparative information for the prior year, the Township has elected to exclude the information in this report. Subsequent reports will include comparative information.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Township of Dundee financially as a whole. The ***Government-Wide Financial Statements***, which include the statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds – the General Fund, the Fire Millage Special Revenue Fund, the Meanwell/Eggert Road and Dixon Road Water Debt Funds, the Irish/Meanwell Road Water Construction, Wells Road Water Construction, and Road Millage Capital Projects Funds. All other funds are presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

*Budgetary Information for Major Funds
(Required Supplemental Information)*

Other Supplemental Information

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis Year Ended March 31, 2005

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 10-11), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The Statement of Net Assets and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government services, public safety, public works, culture and recreation. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 12-18) provide detailed information about the most significant or "major" funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds – All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 14 and 17.

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of March 31, 2005:

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis *Year Ended March 31, 2005*

Table 1:

Condensed Statement of Net Assets **March 31, 2005**

	<u>Governmental Activities</u>
Current and other assets	\$2,570,112
Capital assets	<u>1,972,591</u>
Total Assets	<u>4,542,703</u>
Current and other liabilities	645,413
Long-term liabilities	<u>1,720,121</u>
Total Liabilities	<u>2,365,534</u>
Net Assets	
Invested in capital assets, net of related debt	477,705
Restricted	1,514,381
Unrestricted	<u>185,083</u>
Total Net Assets	<u>\$2,177,169</u>

As depicted in Table 1, the Township's net assets were \$2.17 million at March 31, 2005. Of this amount, a positive \$185,083 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future growth and uncertainties. It means that if we had to pay off all our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities. Table 2 shows the changes in the net assets for the calendar year ended March 31, 2005.

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis *Year Ended March 31, 2005*

Governmental-Wide Financial Analysis - Concluded

Table 2:

Changes in Net Assets Year Ended March 31, 2005

	<u>Governmental Activities</u>
Revenues	
Program revenues:	
Charges for services	\$ 234,146
Operating grants	701
Capital grants and contributions	<u>175,248</u>
	410,095
General revenues:	
Property taxes	677,215
State grants	191,253
Other general revenues	<u>63,024</u>
	<u>931,492</u>
Total Revenues	1,341,587
Functions/Program Expenses	
Legislative	23,241
General government	454,771
Public safety	268,172
Public works	233,480
Culture and recreation	17,327
Interest on long-term debt	<u>30,067</u>
Total Expenses	<u>1,027,058</u>
Increase (Decrease) in Net Assets	<u>\$ 314,529</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$1 million. Of this amount, \$0.4 million was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township's governmental activities experienced an increase in net assets of \$314,529. The increase in total net assets is attributable to an excess of revenue over controlled expenditures. The Fire Millage and Road Millage Funds each had excess tax revenue over expenditures of approximately \$90,000, and the Meanwell/Eggert Road Debt Fund had special assessment collections over expenditures of approximately \$165,000 due to six assessment payoffs and no principal debt payment due until 2006. A reconciliation of the change in fund balances to the change in net assets appears on page 17.

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis Year Ended March 31, 2005

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township of Dundee is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$1.94 million, which is an increase of \$470,872 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Fund balances – Beginning of year	\$304,974	\$292,143	\$ 81,670	\$786,662	\$7,246	\$1,472,695
Increase (decrease)	<u>(22,944)</u>	<u>108,370</u>	<u>239,038</u>	<u>146,423</u>	<u>(15)</u>	<u>470,872</u>
Fund balances – End of year	<u>\$282,030</u>	<u>\$400,513</u>	<u>\$320,708</u>	<u>\$933,085</u>	<u>\$7,231</u>	<u>\$1,943,567</u>

The Township's General Fund revenues increased by approximately \$72,000. This result was achieved by the increase in property taxes received and by the Holcim Supply agreement in which the Township received approximately \$60,000.

	<u>March 31, 2005</u>	<u>March 31, 2004</u>	<u>Percent Change</u>
Revenues			
Property taxes and special assessments	\$243,562	\$216,827	12.33%
Licenses and permits	55,474	46,283	19.86%
Federal grants	44,959	63,260	(28.93)%
State grants	191,253	195,141	(.02)%
Charges for services	177,742	94,040	89.01%
Interest	2,744	5,963	(53.98)%
Other	<u>8,616</u>	<u>30,645</u>	(71.88)%
Total revenues	<u>\$724,350</u>	<u>\$652,159</u>	11.10%

The Township's expenditures increased from \$630,038 in 2004 to \$747,294 in 2005. The most significant expenditure increase was in general government. In January, a Township wide property revaluation was completed. The service cost the Township \$110,900. The other General Fund spending was level with the prior year.

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis Year Ended March 31, 2005

Fund Financial Analysis – Concluded

	March 31, 2005	March 31, 2004	Percent Change
Expenditures			
Legislative	\$ 20,553	\$ 21,115	(2.66)%
General government	367,451	249,726	47.10%
Public safety	201,147	210,638	(4.50)%
Public works	57,380	57,447	(.01)%
Culture and recreation	8,239	8,244	(.01)%
Other	<u>92,524</u>	<u>82,868</u>	11.65%
Total Expenditures	<u>\$747,294</u>	<u>\$630,038</u>	18.61%

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget prior to April 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these statements. Revisions to the General Fund budget were as follows:

Revenues - The original budget of \$621,658 was adjusted to \$703,908. The budget amendments to increase revenue were primarily due to the following: Building and other related permit revenue increase, receiving the Fema grant for the purchase of fire equipment, and the Holcim Supply Agreement revenue representing Dundee's 1/3 share of fees from 2000 through March 31, 2005.

Expenditures – The original budget of \$821,250 was adjusted to \$805,491. The most significant expenditure budget changes were to general government which was decreased \$30,000 due to attorney fees and hall and grounds being lower than anticipated, and other expenditures which were increased \$18,000 due to higher pension and social security costs.

TOWNSHIP OF DUNDEE

Management's Discussion and Analysis Year Ended March 31, 2005

Capital Asset and Debt Administration

Capital Assets

At March 31, 2005, the Township had \$2.8 million invested in a broad range of capital assets, including land, building and improvements, machinery and equipment, water lines and vehicles. This amount represents a net increase (including additions and disposals) of approximately \$756,872 from last year. This year's additions of approximately \$1,106,303 included water lines and fire department equipment. Depreciation for this year totaled \$107,699. Details regarding capital assets are included in Note 8 to the financial statements.

Debt

At March 31, 2005, the Township had four special assessment bonds outstanding totaling \$1,565,000 (Dixon Road Water - \$260,000, Meanwell/Eggert Road Water - \$420,000, Wells Road Water - \$335,000, and Irish/Meanwell Road Water - \$550,000). The Wells Road and Irish/Meanwell projects were still in the construction phase and Dixon Road and Meanwell/Eggert Road projects were completed and special assessments had been levied on the water districts customers. The Township expects to complete Wells Road and Irish/Meanwell Road Water projects and levy special assessments next fiscal year. The Township also leases a fire truck on which they owe \$155,121. Details regarding long-term debt are included in Note 9 to the financial statements.

Development of the 2005 Fiscal Year Budget

Our elected officials consider many factors when setting the Township's 2006 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to important factors affecting the budget, such as State budget constraints decreasing revenue sharing. In the 2005-2006 budget, the Township budgeted \$500,000 for road projects and also anticipates upgrading the Township's computer equipment.

Contacting the Township of Dundee

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have any questions about this report or need additional information, contact the Township of Dundee Clerk, 179 Main Street, Dundee, MI 48131.

TOWNSHIP OF DUNDEE*Statement of Net Assets
March 31, 2005*

	Governmental Activities
Assets	
Cash and cash equivalents	\$1,873,439
Certificate of deposit	118,388
Receivables:	
Taxes	46,439
Accounts	35,064
Special assessments	467,840
Due from other governmental units	28,942
Depreciable capital assets, net	1,972,591
Total Assets	4,542,703
Liabilities	
Accounts payable	188,434
Accrued interest payable	18,868
Deferred revenue	438,111
Long-term liabilities:	
Due within one year	105,772
Due in more than one year	1,614,349
Total Liabilities	2,365,534
Net Assets	
Invested in capital assets, net of related debt	477,705
Restricted for:	
Public safety	231,455
Debt service	320,708
Capital projects funds	933,085
Cemetery care:	
Expendable	22,133
Non-expendable	7,000
Unrestricted	185,083
Total Net Assets	\$2,177,169

See accompanying notes to the basic financial statements.

TOWNSHIP OF DUNDEE

Statement of Activities *Year Ended March 31, 2005*

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities:					Governmental Activities
Legislative	\$23,241	\$0	\$0	\$0	(\$23,241)
General government	454,771	177,742	0	0	(277,029)
Public safety	268,172	56,404	701	44,959	(166,108)
Public works	233,480	0	0	130,289	(103,191)
Recreation and culture	17,327	0	0	0	(17,327)
Interest on long-term debt	30,067	0	0	0	(30,067)
Total Governmental Activities	\$1,027,058	\$234,146	\$701	\$175,248	(616,963)
General Revenues:					
Property taxes					677,215
State grants					191,253
Interest and penalties					54,408
Other					8,616
Total General Revenues					931,492
Change in Net Assets					314,529
Net Assets - Beginning of year					1,862,640
Net Assets - End of year					\$2,177,169

See accompanying notes to the basic financial statements.

TOWNSHIP OF DUNDEE

Governmental Funds Balance Sheet March 31, 2005

	Special Revenue Fund		Debt Service Funds	
	General	Fire Millage	Meanwell / Eggert Road Water Debt	Dixon Road Water Debt
Assets				
Cash and cash equivalents	\$227,762	\$225,519	\$162,072	\$101,130
Certificate of deposit	0	0	0	0
Receivables:				
Taxes	19,950	11,548	0	0
Accounts	35,064	0	0	0
Special assessments	0	0	287,147	180,693
Due from other funds	18,375	0	0	0
Due from other governmental units	28,942	0	0	0
Total Assets	\$330,093	\$237,067	\$449,219	\$281,823
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$48,063	\$0	\$0	\$0
Due to other funds	0	7,077	766	0
Deferred revenue	0	0	271,231	166,880
Total Liabilities	48,063	7,077	271,997	166,880
Fund Balances				
Reserved for debt service	0	0	177,222	114,943
Reserved for capital projects	0	0	0	0
Reserved for cemetery care	0	0	0	0
Reserved for Lieb Cemetery	0	0	0	0
Unreserved - reported in:				
General Fund	282,030	0	0	0
Special Revenue Funds	0	229,990	0	0
Total Fund Balances	282,030	229,990	177,222	114,943
Total Liabilities and Fund Balances	\$330,093	\$237,067	\$449,219	\$281,823

See accompanying notes to the basic financial statements.

Capital Projects Fund			Other	Total
Irish / Meanwell Road Water Construction	Wells Road Water Construction	Road Millage	Nonmajor Governmental Funds	Governmental Funds
\$237,756	\$134,662	\$696,307	\$88,231	\$1,873,439
0	0	0	118,388	118,388
0	0	14,941	0	46,439
0	0	0	0	35,064
0	0	0	0	467,840
0	0	0	0	18,375
0	0	0	0	28,942
<u>\$237,756</u>	<u>\$134,662</u>	<u>\$711,248</u>	<u>\$206,619</u>	<u>\$2,588,487</u>
\$75,161	\$65,210	\$0	\$0	\$188,434
1,432	5,380	3,398	322	18,375
0	0	0	0	438,111
76,593	70,590	3,398	322	644,920
0	0	0	28,543	320,708
161,163	64,072	707,850	0	933,085
0	0	0	22,133	22,133
0	0	0	7,000	7,000
0	0	0	0	282,030
0	0	0	148,621	378,611
<u>161,163</u>	<u>64,072</u>	<u>707,850</u>	<u>206,297</u>	<u>1,943,567</u>
<u>\$237,756</u>	<u>\$134,662</u>	<u>\$711,248</u>	<u>\$206,619</u>	<u>\$2,588,487</u>

TOWNSHIP OF DUNDEE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets March 31, 2005

Total Fund Balances - Governmental Funds	\$1,943,567
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is:	2,805,953
Accumulated depreciation is:	<u>(833,362)</u>
Total	1,972,591
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(18,868)
Capital lease	(155,121)
Bonds payable	<u>(1,565,000)</u>
Total	<u>(1,738,989)</u>
Total Net Assets - Governmental Activities	<u><u>\$2,177,169</u></u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF DUNDEE

Governmental Funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* *Year Ended March 31, 2005*

	Special Revenue Fund		Debt Service Funds	
	General	Fire Millage	Meanwell / Eggert Road Water Debt	Dixon Road Water Debt
Revenues				
Property taxes and special assessments	\$243,562	\$189,066	\$106,769	\$23,520
Licenses and permits	55,474	0	0	0
Federal grants	44,959	0	0	0
State grants	191,253	0	0	0
Charges for services	177,742	0	0	0
Interest and rents	2,744	701	15,471	10,751
Other revenue	8,616	0	0	0
Total Revenues	724,350	189,767	122,240	34,271
Expenditures				
Legislative	20,553	0	0	0
General government	367,451	0	0	0
Public safety	201,147	92,869	0	0
Public works	57,380	0	0	0
Recreation and culture	8,239	0	0	0
Other	92,524	0	0	0
Capital projects	0	0	0	0
Debt service	0	0	12,096	26,928
Total Expenditures	747,294	92,869	12,096	26,928
Excess (Deficiency) of Revenues Over Expenditures	(22,944)	96,898	110,144	7,343
Other Financing Sources (Uses)				
Proceeds from sale of bonds	0	0	0	0
Operating transfers in	0	0	55,203	37,805
Operating transfers out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	55,203	37,805
Net Change in Fund Balances	(22,944)	96,898	165,347	45,148
Fund Balances - Beginning of year	304,974	133,092	11,875	69,795
Fund Balances - End of year	<u>\$282,030</u>	<u>\$229,990</u>	<u>\$177,222</u>	<u>\$114,943</u>

See accompanying notes to the basic financial statements.

Capital Projects Fund			Other	Total
Irish / Meanwell Road Water Construction	Wells Road Water Construction	Road Millage	Nonmajor Governmental Funds	Governmental Funds
\$0	\$0	\$244,587	\$0	\$807,504
0	0	0	930	56,404
0	0	0	0	44,959
0	0	0	446	191,699
0	0	0	0	177,742
1,793	1,551	8,836	12,816	54,663
0	0	0	0	8,616
1,793	1,551	253,423	14,192	1,341,587
0	0	0	0	20,553
0	0	0	1,893	369,344
0	0	0	388	294,404
0	0	0	0	57,380
0	0	0	0	8,239
0	0	0	0	92,524
374,051	244,012	167,397	88,787	874,247
0	0	0	0	39,024
374,051	244,012	167,397	91,068	1,755,715
(372,258)	(242,461)	86,026	(76,876)	(414,128)
550,000	335,000	0	0	885,000
0	0	0	28,526	121,534
(15,981)	(12,545)	0	(93,008)	(121,534)
534,019	322,455	0	(64,482)	885,000
161,761	79,994	86,026	(141,358)	470,872
(598)	(15,922)	621,824	347,655	1,472,695
\$161,163	\$64,072	\$707,850	\$206,297	\$1,943,567

TOWNSHIP OF DUNDEE

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended March 31, 2005*

Net Change in Fund Balances - Total Governmental Funds	\$470,872
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(107,699)
Capital outlay	<u>756,872</u>
Total	649,173
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.	(7,873)
Repayments of long term debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).	87,357
Long-term debt issuance is reported as an other financing source in the governmental funds. Long-term debt is not a revenue in the statement of activities.	<u>(885,000)</u>
Change in Net Assets of Governmental Activities	<u>\$314,529</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF DUNDEE

Agency Fund
Statement of Fiduciary Net Assets
March 31, 2005

	<u>Tax Collection</u>
Assets	
Cash	<u>\$22,535</u>
Total Assets	<u><u>\$22,535</u></u>
Liabilities	
Due to other governmental units	\$21,058
Due to taxing units	<u>1,477</u>
Total Liabilities	<u><u>\$22,535</u></u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected seven member Board form of government and provides the following services: public safety (fire), highways and streets, recreation and culture, public improvements, cemetery, planning and zoning, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Township of Dundee have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the Township's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Fire Millage Fund - accounts for moneys from a voted tax levy to be used to provide fire protection equipment for the Township of Dundee Fire Department.

The Meanwell/Eggert Road Water Debt Fund accounts for the payment of special assessment bond principal and interest from special assessment levies for Meanwell/Eggert Road.

The Dixon Road Water Debt Fund accounts for the payment of special assessment bond principal and interest from special assessment levies for Dixon Road.

The Irish/Meanwell Road Water Construction Fund accounts for the sale of bonds used to pay for the construction of the Irish/Meanwell Road water line.

The Wells Road Water Construction Fund accounts for the sale of bonds used to pay for the construction of the Wells Road water line.

The Road Millage Fund accounts for monies from a voted tax levy to be used for improvements to the Township's roads and bridges.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor governmental funds:

The Liquor Law Enforcement Fund, Improvement Revolving Fund, Cemetery Perpetual Care Fund, Irish/Meanwell Road Water Debt Fund, Wells Road Water Debt Fund, Meanwell/Eggert Road Water Construction Fund, Dixon Road Water Construction Fund, and Lieb Cemetery Fund.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31, and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond March 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of one thousand dollars and an estimated useful life in excess of one year. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvement	20 years
Buildings and Buildings Improvements	10-50 years
Machinery and Equipment	3-10 years
Furniture and Fixtures	7 years
Vehicles	5- 8 years
Water Lines	50 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Accrued Liabilities and Long-Term Obligations -All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 2 Summary of Significant Accounting Policies (Concluded)

Basis of Presentation (Concluded)

F. Budgetary Policies (Concluded)

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to March 31, the fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. A public hearing is conducted during March to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget are made when deemed necessary.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Lapsing of Appropriations - At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3 Changes in Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles

For the fiscal year 2005, the Township has implemented Governmental Accounting Standards Council (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*; GASB No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, GASB No. 37, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. At April 1, 2004, there was no effect on fund balance as a result of implementing GASB Statements 36, 37, and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the Township's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at March 31, 2004, caused by the conversion to the accrual basis of accounting.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 3 Changes in Accounting Principles and Restatement of Fund Balance (Concluded)
Changes in Accounting Principles (Concluded)
Restatement of Fund Balance

The restatements for GASB Statement No. 34 had the following effects on the transition from governmental fund balance to net assets of the governmental activities.

	Total Governmental Activities
Fund Balance March 31, 2004	<u>\$1,472,695</u>
GASB 34 Adjustments:	
Capital assets, net of depreciation	1,323,418
Accrued interest payable	(10,995)
Long-term liabilities	<u>(922,478)</u>
Governmental Activities Net Assets at March 31, 2004	<u>\$1,862,640</u>

Note 4 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

For the year ended March 31, 2005, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Liquor Law Enforcement Fund	\$ 360	\$ 388	\$ (28)
Cemetery Perpetual Care Fund	1,500	1,623	(123)

Note 5 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan. The Township Board has adopted an investment policy authorizing certain types of investments and has authorized three depositories: Monroe Bank and Trust, United Bank and Trust, and Standard Federal.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 5

Deposits (Concluded)

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2005, the Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash and certificates of deposit. The following is a summary of these deposits:

	<u>Governmental Activities</u>	<u>Agency Fund</u>	<u>Total</u>
Carrying value of total deposits	\$ <u>1,991,827</u>	\$ <u>22,535</u>	\$ <u>2,014,362</u>
Bank balance of deposits			\$3,259,223
Amount covered by FDIC			<u>300,000</u>
In uninsured and uncollateralized accounts			\$ <u>2,959,223</u>

Note 6

Interfund Payables and Receivables

Such balances at March 31, 2005 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$18,375	\$ -
Special Revenue Funds:		
Fire Millage	-	7,077
Cemetery Perpetual Care	-	52
Debt Service Fund:		
Meanwell/Eggert Road Water	-	766
Capital Project Funds:		
Irish/Meanwell Road Water	-	1,432
Wells Road Water	-	5,380
Road Millage	-	3,398
Permanent Fund:		
Lieb Cemetery	-	270
Total	\$ <u>18,375</u>	\$ <u>18,375</u>

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 7

Interfund Transfers

Interfund transfers for the year ended March 31, 2005, consisted of the following:

	Transfers Out				
	Capital Projects Funds				
	Meanwell/Eggert Road Water	Dixon Road Water	Irish/Meanwell Road Water	Wells Road Water	Total
<u>Transfers In:</u>					
Debt Funds:					
Meanwell/Eggert Road Water	\$55,203	\$ -	\$ -	\$ -	\$ 55,203
Dixon Road Water	-	37,805	-	-	37,805
Irish/Meanwell Road Water	-	-	15,981	-	15,981
Wells Road Water	-	-	-	12,545	12,545
 Total	 <u>\$55,203</u>	 <u>\$37,805</u>	 <u>\$15,981</u>	 <u>\$12,545</u>	 <u>\$121,534</u>

The transfers from the Meanwell/Eggert Road Water and Dixon Road Water Capital Project Funds to the Meanwell/Eggert Road Water and Dixon Road Water Debt Funds were to transfer bond proceeds in excess of construction costs.

The transfers from the Irish/Meanwell Road Water and Wells Road Water Capital Projects Fund to the Irish/Meanwell Road Water and Wells Road Water Debt Funds were to transfer bond proceeds earmarked to pay accrued and capitalized interest.

Note 8

Capital Assets

Capital asset activity for the fiscal year ended March 31, 2005, was as follows:

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005
Governmental Activities:				
Assets not being depreciated:				
Land	\$45,000	\$0	\$0	\$45,000
Construction in progress	277,164	706,850	349,431	625,383
Capital assets being depreciated:				
Land improvements	14,325	0	0	14,325
Building and building improvements	625,398	0	0	625,398
Machinery and Equipment	168,207	50,022	0	218,229
Furniture and Fixtures	32,471	0	0	32,471
Vehicles	655,211	0	0	655,211
Water lines	231,305	349,431	0	580,736
 Total capital assets	 2,049,081	 1,106,303	 349,431	 2,805,953
 Less accumulated depreciation for:				
Land improvements	(5,768)	(716)	0	(6,484)
Building and building improvements	(241,884)	(14,916)	0	(256,800)
Machinery and Equipment	(54,794)	(30,598)	0	(85,392)
Furniture and Fixtures	(28,665)	(634)	0	(29,299)
Vehicles	(394,552)	(52,132)	0	(446,684)
Water lines	0	(8,703)	0	(8,703)
 Total accumulated depreciation	 (725,663)	 (107,699)	 0	 (833,362)
 Net capital assets	 <u>\$1,323,418</u>	 <u>\$998,604</u>	 <u>\$349,431</u>	 <u>\$1,972,591</u>

TOWNSHIP OF DUNDEE

*Notes to Financial Statements
Year Ended March 31, 2005*

Note 8

Capital Assets (Concluded)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 16,486
Public safety	73,422
Public works	8,703
Recreation and culture	<u>9,088</u>
Total governmental activities	<u>\$107,699</u>

Note 9

Long-Term Debt

The following is a summary of the long term debt as of March 31, 2005:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Original Amount of Issue</u>	<u>Balance Outstanding</u>
<u>Special Assessment Bonds:</u>					
2003 Special Assessment Bonds (General Obligation Limited Tax) Dixon Road Water	4.375%	4/1/03	5/1/05-2018	\$275,000	\$260,000
2004A Special Assessment Bonds (General Obligation Limited Tax) Meanwell/Eggert Road Water	3.25-4.50%	2/1/04	5/1/06-2023	420,000	420,000
2004B Special Assessment Bonds (General Obligation Limited Tax) Wells Road Water	2.65-5.15%	12/1/04	5/1/06-2025	335,000	335,000
2005 Special Assessment Bonds (General Obligation Limited Tax) Irish/Meanwell Roads Water	2.85-4.45%	2/1/05	5/1/06-2025	<u>550,000</u>	<u>550,000</u>
Total				1,580,000	1,565,000
<u>Obligations Under Capital Lease:</u>					
International Leasing Corporation Pierce Enforcer Pumper Truck Lease	4.72%	12/17/01	12/17/02-2006	<u>362,555</u>	<u>155,121</u>
Total				<u>\$1,942,555</u>	<u>\$1,720,121</u>

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 9

Long-Term Debt (Continued)

The following is a summary of changes in long-term debt:

	<u>Balance 3/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>	<u>Due In One Year</u>
<u>Special Assessment Bonds :</u>					
2003 Special Assessment Bonds (General Obligation Limited Tax) Dixon Road Water	\$275,000	\$ -	\$15,000	\$ 260,000	\$ 15,000
2004A Special Assessment (General Obligation Limited Tax) Meanwell/Eggert Road Water	420,000	-	-	420,000	15,000
2004B Special Assessment Bonds (General Obligation Limited Tax) Wells Road Water	-	335,000	-	335,000	-
2005 Special Assessment Bonds (General Obligation Limited Tax) Irish/Meanwell Roads Water	-	550,000	-	550,000	-
<u>Obligations Under Capital Lease:</u>					
International Leasing Corporation Pierce Enforcer Pumper Truck Lease	<u>227,478</u>	<u>-</u>	<u>72,357</u>	<u>155,121</u>	<u>75,772</u>
	<u>\$922,478</u>	<u>\$885,000</u>	<u>\$87,357</u>	<u>\$1,720,121</u>	<u>\$105,772</u>

The following is a summary of the annual principal and interest requirements for the Township debt:

2003 Special Assessment Bonds (General Obligation Limited Tax) were issued by The Township of Dundee to pay for the construction of water supply improvements in special assessment district No. 2002-1(Dixon Road). These bonds are a general obligation of the Township and are being financed through a special assessment of \$5,600 per residential equivalent unit, levied against homeowners benefitting from the construction.

TOWNSHIP OF DUNDEE*Notes to Financial Statements
Year Ended March 31, 2005***Note 9 Long-Term Debt (Continued)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 15,000	\$11,047	\$ 26,047
2007	15,000	10,390	25,390
2008	15,000	9,734	24,734
2009	15,000	9,078	24,078
2010	20,000	8,313	28,313
2011	20,000	7,438	27,438
2012	20,000	6,563	26,563
2013	20,000	5,688	25,688
2014	20,000	4,813	24,813
2015	20,000	3,938	23,938
2016	20,000	3,063	23,063
2017	20,000	2,188	22,188
2018	20,000	1,313	21,313
2019	20,000	438	20,438
	<u>\$260,000</u>	<u>\$84,004</u>	<u>\$344,004</u>

2004A Special Assessment Bonds (General Obligation Limited Tax) were issued by The Township of Dundee to pay for the construction of water supply improvements in special assessment district 2003-1 (Meanwell and Eggert Roads). These bonds are a general obligation of the Township and are being financed through a special assessment of \$12,600 per residential equivalent unit levied against homeowners benefitting from the construction.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 15,000	\$ 15,584	\$ 30,584
2007	20,000	15,015	35,015
2008	20,000	14,365	34,365
2009	20,000	13,715	33,715
2010	20,000	13,065	33,065
2011	20,000	12,415	32,415
2012	20,000	11,765	31,765
2013	20,000	11,115	31,115
2014	20,000	10,450	30,450
2015	20,000	9,755	29,755
2016	25,000	8,931	33,931
2017	25,000	7,975	32,975
2018	25,000	6,988	31,988
2019	25,000	5,975	30,975
2020	25,000	4,937	29,937
2021	25,000	3,875	28,875
2022	25,000	2,788	27,788
2023	25,000	1,681	26,681
2024	25,000	563	25,563
	<u>\$420,000</u>	<u>\$170,957</u>	<u>\$590,957</u>

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 9

Long Term Debt (Continued)

2004B Special Assessment Bonds (General Obligation Limited Tax) were issued by The Township of Dundee to pay for the construction of water supply improvements in special assessment district No. 2004-1 (Wells Road). These bonds are a general obligation of the Township and are being financed through a special assessment levied against homeowners benefitting from the construction.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ -	\$ 12,545	\$ 12,545
2007	15,000	13,486	28,486
2008	15,000	13,074	28,074
2009	20,000	12,555	32,555
2010	15,000	12,014	27,014
2011	15,000	11,526	26,526
2012	20,000	10,930	30,930
2013	15,000	10,304	25,304
2014	15,000	9,730	24,730
2015	20,000	9,032	29,032
2016	15,000	8,316	23,316
2017	15,000	7,686	22,686
2018	20,000	6,932	26,932
2019	15,000	6,164	21,164
2020	15,000	5,489	20,489
2021	20,000	4,683	24,683
2022	15,000	3,861	18,861
2023	15,000	3,141	18,141
2024	20,000	2,283	22,283
2025	15,000	1,409	16,409
2026	20,000	515	20,515
	<u>\$335,000</u>	<u>\$165,675</u>	<u>\$500,675</u>

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 9

Long Term Debt (Continued)

2005 Special Assessment Bonds (General Obligation Limited Tax) were issued by The Township of Dundee to pay for the construction of water supply improvements in special assessment district No. 2005-1 (Irish and Meanwell Roads). These bonds are a general obligation of the Township and are being financed through a special assessment levied against homeowners benefitting from the construction.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ -	\$ 15,981	\$ 15,981
2007	25,000	20,951	45,951
2008	30,000	20,130	50,130
2009	25,000	19,253	44,253
2010	30,000	18,330	48,330
2011	25,000	17,376	42,376
2012	30,000	16,385	46,385
2013	25,000	15,375	40,375
2014	30,000	14,343	44,343
2015	25,000	13,291	38,291
2016	30,000	12,218	42,218
2017	25,000	11,125	36,125
2018	30,000	10,018	40,018
2019	25,000	8,897	33,897
2020	30,000	7,763	37,763
2021	25,000	6,615	31,615
2022	30,000	5,453	35,453
2023	25,000	4,277	29,277
2024	30,000	3,088	33,088
2025	25,000	1,885	26,885
2026	30,000	668	30,668
	<u>\$550,000</u>	<u>\$243,422</u>	<u>\$793,422</u>

A capital lease was entered into with International Leasing Corporation on November 29, 2001 for the purchase of a Pierce Enforcer Pumper Truck. This lease is payable from a tax levy which is accounted for in the Fire Millage Fund.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 75,772	\$ 7,322	\$ 83,094
2007	79,349	3,745	83,094
	<u>\$155,121</u>	<u>\$11,067</u>	<u>\$166,188</u>

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 9 Long Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at March 31, 2005, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 105,772	\$ 62,479	\$ 168,251
2007	154,349	63,587	217,936
2008	80,000	57,303	137,303
2009	80,000	54,601	134,601
2010	85,000	51,722	136,722
2011-2015	420,000	212,232	632,232
2016-2020	425,000	126,416	551,416
2021-2025	320,000	45,602	365,602
2026-2030	<u>50,000</u>	<u>1,183</u>	<u>51,183</u>
	<u>\$1,720,121</u>	<u>\$675,125</u>	<u>\$2,395,246</u>

Note 10 Property Tax

The Township collects its own property tax and also collects taxes for the State of Michigan, Monroe County, Summerfield Schools, Ida Public Schools, Dundee Community Schools, Britton-Macon Schools, Monroe County Community College, Monroe County Intermediate School District and Lenawee County Intermediate School District. The Township levied 0.9516 mills for general operating, 0.7500 mills for the Fire Department and 0.9873 mills for roads for the 2004-2005 fiscal year. Taxable values, which amounted to \$250,609,618, represent a percentage of the fair market value of the assessed property. The Township also receives a portion of the millage levied on property subject to an industrial facilities tax exemption with a taxable value of \$17,816,499. Taxes are levied on December 1, 2004 based on assessment of property at December 31, 2003 and are due on February 14, 2005.

For the year ended March 31, 2005, the Township billed and retained \$112,464 as administrative fees for the above tax collection.

Note 11 Employee's Pension Plan

The Township adopted a defined contribution pension plan effective January 1, 2003. The plan provides for pension benefits for all elected officials and all other employees who work more than 20 hours per week. There are no minimum age or service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on the first day of the plan year or a month after the plan eligibility requirements are met. The plan requires the Township to contribute 10% of the employees compensation. Township contributions to the plan vest immediately for elected officials and are 100% vested after 3 years for all other employees. The Township has also elected to contribute approximately \$31,000 for past service of its employees to be paid over 3 years.

During the current fiscal year, the Township contributed \$32,983 which represented \$10,443 for past service and \$19,928 (10% of covered payroll) for the period April 1, 2004 to March 31, 2005. Covered payroll for this 12 month period was \$199,280. Total payroll for the current fiscal year was \$284,510. The Township also paid \$2,612 for administrative expenses.

Note 12 Compensated Absences

The Township does not have a policy of providing employees with vacation or sick pay.

TOWNSHIP OF DUNDEE

Notes to Financial Statements Year Ended March 31, 2005

Note 13 Building Department

The Township tracks building permit fees and their related costs in the General Fund. Fees for the fiscal year ending March 31, 2005, of \$55,474 did not exceed the related costs and administrative overhead.

Note 14 Capital Leases

On November 29, 2001, the Township entered into a capital lease with International Leasing Corporation for the purchase of a Pierce Enforcer Pumper Truck. This lease is payable from a tax levy which is accounted for in the Fire Millage Fund. The truck was recorded as an expenditure and the proceeds from the capital lease as a revenue in the year of acquisition.

The present value of the capital lease is:

<u>Fiscal Year</u>	<u>Annual Lease Payments</u>
2006	\$ 83,094
2007	<u>83,094</u>
Total Payments	166,188
Less: Amount Representing Interest at 4.77%	<u>(11,067)</u>
Present Value of Future Minimum Lease Payments	<u>\$155,121</u>
Cost of Equipment	<u>\$362,555</u>

Note 15 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 16 Urban Cooperation Agreement

The Township entered into an agreement on August 5, 1997 with the Village of Dundee, which will allow the Township to continue to levy Township millages on property transferred or annexed into the Village after the date of this agreement even if the Village were to become a city. The term of the agreement is for one-hundred (100) years.

TOWNSHIP OF DUNDEE

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended March 31, 2005

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues				
Taxes and special assessments:				
Current tax collection	\$256,165	\$256,165	\$235,793	(\$20,372)
Penalty and interest on taxes	3,000	7,100	7,769	669
	259,165	263,265	243,562	(19,703)
Licenses and Permits	39,500	56,450	55,474	(976)
Federal grant:				
FEMA grant	11,000	26,000	44,959	18,959
State grants:				
State shared revenue	195,163	195,163	191,253	(3,910)
Charges for Services:				
Holcim supply agreement	0	48,000	61,372	13,372
Tax administration fee	95,830	95,830	112,464	16,634
Zoning and board of appeals fees	2,000	3,500	3,906	406
	97,830	147,330	177,742	30,412
Interest and rents:				
Interest income	500	1,200	1,144	(56)
Rental income	7,000	2,000	1,600	(400)
	7,500	3,200	2,744	(456)
Other revenue	11,500	12,500	8,616	(3,884)
Total Revenues	621,658	703,908	724,350	20,442
Expenditures				
Legislative:				
Township board	27,500	25,616	20,553	5,063
General Government:				
Supervisor	26,950	25,450	24,298	1,152
Elections	8,000	7,000	6,271	729
Audit	10,000	10,200	10,200	0
Assessor	197,000	203,500	184,939	18,561
Attorney	20,000	11,500	9,436	2,064
Clerk	42,500	39,000	38,329	671
Board of review	2,250	2,250	1,187	1,063
Treasurer	35,400	35,400	33,611	1,789
Township hall and grounds	68,000	51,000	40,297	10,703
Ambulance quarters improvements	3,000	1,500	714	786
Cemetery	25,300	21,800	18,169	3,631
	438,400	408,600	367,451	41,149

TOWNSHIP OF DUNDEE

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended March 31, 2005

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Expenditures (Concluded)				
Public safety:				
Fire protection	\$119,850	\$115,825	\$142,235	(\$26,410)
Building inspection	38,600	47,600	42,431	5,169
Ordinance enforcer	4,450	4,450	4,030	420
Planning commission	13,500	12,100	11,182	918
Board of appeals	2,200	1,700	669	1,031
Other protective services	600	600	600	0
	<u>179,200</u>	<u>182,275</u>	<u>201,147</u>	<u>(18,872)</u>
Public works:				
Drains at large	1,500	0	0	0
Civic betterment	11,000	11,000	11,000	0
Roads	72,000	68,050	46,380	21,670
	<u>84,500</u>	<u>79,050</u>	<u>57,380</u>	<u>21,670</u>
Recreation and culture:				
Recreation	1,500	1,500	300	1,200
Library	10,150	9,950	7,939	2,011
	<u>11,650</u>	<u>11,450</u>	<u>8,239</u>	<u>3,211</u>
Other:				
Social security	21,000	23,000	21,738	1,262
Pension	20,000	36,000	32,983	3,017
Insurance and bonds	39,000	39,500	37,803	1,697
	<u>80,000</u>	<u>98,500</u>	<u>92,524</u>	<u>5,976</u>
Total Expenditures	<u>821,250</u>	<u>805,491</u>	<u>747,294</u>	<u>58,197</u>
Net Change in Fund Balance	(199,592)	(101,583)	(22,944)	78,639
Fund Balance - Beginning of year	<u>304,974</u>	<u>304,974</u>	<u>304,974</u>	<u>0</u>
Fund Balance - End of year	<u>\$105,382</u>	<u>\$203,391</u>	<u>\$282,030</u>	<u>\$78,639</u>

TOWNSHIP OF DUNDEE

Fire Millage Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$201,666	\$201,666	\$189,066	(\$12,600)
Interest	400	400	701	301
Total Revenues	202,066	202,066	189,767	(12,299)
Expenditures				
Public safety:				
Fire protection:				
Capital outlay	10,000	16,000	9,775	6,225
Capital lease payments	84,000	84,000	83,094	906
Total Expenditures	94,000	100,000	92,869	7,131
Net Change in Fund Balance	108,066	102,066	96,898	(5,168)
Fund Balance - Beginning of year	133,092	133,092	133,092	0
Fund Balance - End of year	<u>\$241,158</u>	<u>\$235,158</u>	<u>\$229,990</u>	<u>(\$5,168)</u>

TOWNSHIP OF DUNDEE

*Meanwell/Eggert Road Water Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances*

Year Ended March 31, 2005

	Actual
Revenues	
Special assessments	\$106,769
Interest	15,471
Total Revenues	122,240
Expenditures	
Debt Service:	
Bond principal	0
Bond interest	11,871
Other	225
Total Expenditures	12,096
Excess (Deficiency) of Revenues Over Expenditures	110,144
Other Financing Sources	
Operating transfers in	55,203
Net Change in Fund Balance	165,347
Fund Balance - Beginning of year	11,875
Fund Balance - End of year	\$177,222

TOWNSHIP OF DUNDEE

*Dixon Road Water Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance*

Year Ended March 31, 2005

	Actual
Revenues	
Special assessments	\$23,520
Interest	10,751
Total Revenues	34,271
Expenditures	
Debt Service:	
Bond principal	15,000
Bond interest	11,703
Other	225
Total Expenditures	26,928
Excess (Deficiency) of Revenues Over Expenditures	7,343
Other Financing Sources	
Operating transfers in	37,805
Net Change in Fund Balance	45,148
Fund Balance - Beginning of year	69,795
Fund Balance - End of year	\$114,943

TOWNSHIP OF DUNDEE

Irish /Meanwell Road Water Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2005

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues				
Interest income	\$0	\$0	\$1,793	\$1,793
Expenditures				
Capital projects:				
Water district	650,000	650,000	374,051	275,949
Excess (Deficiency) of Revenues Over Expenditures	(650,000)	(650,000)	(372,258)	277,742
Other Financing Sources (Uses)				
Proceeds from sale of bonds	650,000	650,000	550,000	(100,000)
Operating transfers out	0	0	(15,981)	(15,981)
Total Other Financing Sources (Uses)	650,000	650,000	534,019	(115,981)
Net Change in Fund Balance	0	0	161,761	161,761
Fund Balance - Beginning of year	0	0	(598)	(598)
Fund Balance - End of year	\$0	\$0	\$161,163	\$161,163

TOWNSHIP OF DUNDEE

Wells Road Water Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2005

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues				
Interest income	\$0	\$0	\$1,551	\$1,551
Expenditures				
Capital projects:				
Water district	395,000	395,000	244,012	150,988
Excess (Deficiency) of Revenues Over Expenditures	(395,000)	(395,000)	(242,461)	152,539
Other Financing Sources (Uses)				
Proceeds from sale of bonds	395,000	395,000	335,000	(60,000)
Operating transfers out	0	0	(12,545)	(12,545)
Total Other Financing Sources (Uses)	395,000	395,000	322,455	(72,545)
Net Change in Fund Balance	0	0	79,994	79,994
Fund Balance - Beginning of year	0	0	(15,922)	(15,922)
Fund Balance - End of year	\$0	\$0	\$64,072	\$64,072

TOWNSHIP OF DUNDEE

Road Millage Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Current tax collection	\$265,476	\$265,476	\$244,587	(\$20,889)
Interest income	5,000	7,000	8,836	1,836
Total Revenues	270,476	272,476	253,423	(19,053)
Expenditures				
Capital projects:				
Roads	500,000	500,000	167,397	332,603
Net Change in Fund Balance	(229,524)	(227,524)	86,026	313,550
Fund Balance - Beginning of year	621,824	621,824	621,824	0
Fund Balance - End of year	<u>\$392,300</u>	<u>\$394,300</u>	<u>\$707,850</u>	<u>\$313,550</u>

TOWNSHIP OF DUNDEE

*Nonmajor Governmental Funds
Combining Balance Sheet
March 31, 2005*

	Special Revenue Funds		
	Liquor Law Enforcement	Improvement Revolving	Cemetery Perpetual Care
Assets			
Cash and cash equivalents	\$1,465	\$35,768	\$21,954
Certificate of deposit	0	111,388	0
Total Assets	<u>\$1,465</u>	<u>\$147,156</u>	<u>\$21,954</u>
Total Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$0	\$0	\$52
Total Liabilities	0	0	52
Fund Balances			
Reserved for debt service	0	0	0
Reserved for cemetery care	0	0	21,902
Reserved for Lieb cemetery	0	0	0
Unreserved - undesignated	1,465	147,156	0
Total Fund Balances	<u>1,465</u>	<u>147,156</u>	<u>21,902</u>
Total Liabilities and Fund Balances	<u>\$1,465</u>	<u>\$147,156</u>	<u>\$21,954</u>

Debt Service Funds		Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
Irish Meanwell Road Water Debt	Wells Road Water Debt	Dixon Road Water Construction	Meanwell / Eggert Road Water Construction	Lieb Cemetery	
\$15,984	\$12,559	\$0	\$0	\$501	\$88,231
0	0	0	0	7,000	118,388
<u>\$15,984</u>	<u>\$12,559</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,501</u>	<u>\$206,619</u>
\$0	\$0	\$0	\$0	\$270	\$322
0	0	0	0	270	322
15,984	12,559	0	0	0	28,543
0	0	0	0	231	22,133
0	0	0	0	7,000	7,000
0	0	0	0	0	148,621
<u>15,984</u>	<u>12,559</u>	<u>0</u>	<u>0</u>	<u>7,231</u>	<u>206,297</u>
<u>\$15,984</u>	<u>\$12,559</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,501</u>	<u>\$206,619</u>

TOWNSHIP OF DUNDEE

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2005*

	Special Revenue Funds		
	Liquor Law Enforcement	Improvement Revolving	Cemetery Perpetual Care
Revenues			
Licenses and permits	\$0	\$0	\$930
State grants	446	0	0
Interest	0	11,818	289
Total Revenues	446	11,818	1,219
Expenditures			
General government	0	0	1,623
Public safety	388	0	0
Capital projects	0	0	0
Total Expenditures	388	0	1,623
Excess (Deficiency) of Revenues Over Expenditures	58	11,818	(404)
Other Financing Sources (Uses)			
Operating transfers in	0	0	0
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	58	11,818	(404)
Fund Balances - Beginning of year	1,407	135,338	22,306
Fund Balances - End of year	<u>\$1,465</u>	<u>\$147,156</u>	<u>\$21,902</u>

Debt Service Funds		Capital Projects Fund		Permanent	
Irish Meanwell Road Water Debt	Wells Road Water Debt	Dixon Road Water Construction	Meanwell / Eggert Road Water Construction	Lieb Cemetery	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$0	\$0	\$930
0	0	0	0	0	446
3	14	23	414	255	12,816
3	14	23	414	255	14,192
0	0	0	0	270	1,893
0	0	0	0	0	388
0	0	0	88,787	0	88,787
0	0	0	88,787	270	91,068
3	14	23	(88,373)	(15)	(76,876)
15,981	12,545	0	0	0	28,526
0	0	(37,805)	(55,203)	0	(93,008)
15,981	12,545	(37,805)	(55,203)	0	(64,482)
15,984	12,559	(37,782)	(143,576)	(15)	(141,358)
0	0	37,782	143,576	7,246	347,655
\$15,984	\$12,559	\$0	\$0	\$7,231	\$206,297

TOWNSHIP OF DUNDEE

Liquor Law Enforcement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants:				
Liquor license fees	\$525	\$525	\$446	(\$79)
Expenditures				
Public safety:				
Inspection fees	360	360	388	(28)
Net Change in Fund Balance	165	165	58	(107)
Fund Balance - Beginning of year	1,407	1,407	1,407	0
Fund Balance - End of year	<u>\$1,572</u>	<u>\$1,572</u>	<u>\$1,465</u>	<u>(\$107)</u>

TOWNSHIP OF DUNDEE

Improvement Revolving Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$500	\$500	\$11,818	\$11,318
Expenditures				
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	500	500	11,818	11,318
Fund Balance - Beginning of year	<u>135,338</u>	<u>135,338</u>	<u>135,338</u>	<u>0</u>
Fund Balance - End of year	<u>\$135,838</u>	<u>\$135,838</u>	<u>\$147,156</u>	<u>\$11,318</u>

TOWNSHIP OF DUNDEE

Perpetual Care Cemetery Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Licenses and permits	\$2,000	\$2,000	\$930	(\$1,070)
Interest	500	500	289	(211)
Total Revenues	2,500	2,500	1,219	(1,281)
Expenditures				
General government: Cemetery	1,000	1,500	1,623	(123)
Net Change in Fund Balance	1,500	1,000	(404)	(1,404)
Fund Balance - Beginning of year	22,306	22,306	22,306	0
Fund Balance - End of year	<u>\$23,806</u>	<u>\$23,306</u>	<u>\$21,902</u>	<u>(\$1,404)</u>

TOWNSHIP OF DUNDEE

Irish / Meanwell Road Water Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2005

	<u>Actual</u>
Revenues	
Interest	\$3
Other Financing Sources	
Operating transfers in	<u>15,981</u>
Net Change in Fund Balance	15,984
Fund Balance - Beginning of year	<u>0</u>
Fund Balance - End of year	<u><u>\$15,984</u></u>

TOWNSHIP OF DUNDEE

Wells Road Water Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2005

	<u>Actual</u>
Revenues	
Interest	\$14
Other Financing Sources	
Operating transfers in	<u>12,545</u>
Net Change in Fund Balance	12,559
Fund Balance - Beginning of year	<u>0</u>
Fund Balance - End of year	<u><u>\$12,559</u></u>

TOWNSHIP OF DUNDEE

Dixon Road Water Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended March 31, 2005

	<u>Actual</u>
Revenues	
Interest	\$23
Expenditures	
Capital Projects	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	23
Other Financing Sources	
Operating transfers out	<u>(37,805)</u>
Net Change in Fund Balance	(37,782)
Fund Balance - Beginning of year	<u>37,782</u>
Fund Balance - End of year	<u><u>\$0</u></u>

TOWNSHIP OF DUNDEE

Meanwell / Eggert Road Water Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2005

	<u>Actual</u>
Revenues	
Interest	\$414
Expenditures	
Capital Projects	<u>88,787</u>
Excess (Deficiency) of Revenues Over Expenditures	(88,373)
Other Financing Sources	
Operating transfers out	<u>(55,203)</u>
Net Change in Fund Balance	(143,576)
Fund Balance - Beginning of year	<u>143,576</u>
Fund Balance - End of year	<u><u>\$0</u></u>

TOWNSHIP OF DUNDEE

Lieb Cemetery Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$200	\$255	\$255	\$0
Expenditures				
General government: Cemetery	<u>200</u>	<u>300</u>	<u>270</u>	<u>30</u>
Net Change in Fund Balance	0	(45)	(15)	30
Fund Balance - Beginning of year	<u>7,246</u>	<u>7,246</u>	<u>7,246</u>	<u>0</u>
Fund Balance - End of year	<u>\$7,246</u>	<u>\$7,201</u>	<u>\$7,231</u>	<u>\$30</u>

TOWNSHIP OF DUNDEE

Agency Fund *Statement of Changes in Assets and Liabilities*

	Balance March 31, 2004	Additions	Deductions	Balance March 31, 2005
Assets				
Cash	<u>\$11,473</u>	<u>\$10,064,713</u>	<u>\$10,053,651</u>	<u>\$22,535</u>
Liabilities				
Due to other governmental units	\$6,270	\$827,620	\$812,832	\$21,058
Due to taxing units	<u>5,203</u>	<u>9,237,093</u>	<u>9,240,819</u>	<u>1,477</u>
Total Liabilities	<u>\$11,473</u>	<u>\$10,064,713</u>	<u>\$10,053,651</u>	<u>\$22,535</u>



COOLEY HEHL
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Certified Public Accountants

Township Board
Township of Dundee
Monroe County, Michigan

Report of Comments and Recommendations

Board Members:

Our audit of the financial statements of the Township of Dundee for the year ended March 31, 2005 was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements of the Township.

Our comments set forth herein are for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore do not encompass all matters that might result from special studies directed toward such matters.

General Ledger

One of the important parts of the system of checks and balances between the Clerk and the Treasurer is the comparing of the month-end cash balances. Once the Treasurer reconciles the monthly bank statements, the Clerk needs to compare the results with the cash balances of the general ledger and reconcile any differences.

Budgets

As noted in the financial statements, there were two funds where the expenditures exceeded the appropriations. The Township needs to review their budgets throughout the year and amend them as needed.

Although not required by state law, we suggest that the Township adopt a budget for each of the debt retirement funds.

Township Board
Township of Dundee

-2-

We wish to express our appreciation for the continuing cooperation and courtesy extended to us by all officers and employees of the Township. We would be pleased to discuss any of these recommendations with you, and to provide any assistance that you may require in their implementation.

Very truly yours,

Cooley Hehl Wohlgamuth & Caulton

June 13, 2005